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William S. Hose, Section Chief New Jersey Department of Environmental Protection Division of Remediation Support Bureau of Enforcement and Investigations 401 E. State St., 5th Floor West P.O. Box 028 Trenton, NJ 08625

RE: Margaret's Creek Lead Contamination

Old Bridge Township, Middlesex County

Administrative Consent Order EA ID # NEA070001 - 434324

Dear Mr. Hose:

NL Industries, Inc. has received your letter of November 2, 2007 enclosing a draft of a proposed Administrative Consent Order ("ACO") with respect to the Margaret's Creek site ("Site"). Please accept this letter as an indication of NL's interest in discussing with the New Jersey Department of Environmental Protection ("NJDEP") the possibility of entering into an ACO or other appropriate oversight document with respect to the Site.

Based upon our most recent conversation with Ed Putnam of the NJDEP's Division of Remediation Support, we were surprised to receive your letter at this time. When we last spoke with Mr. Putnam, we accepted his invitation to meet with the NJDEP to discuss the results of sampling performed by the NJDEP, the NJDEP's concerns and goals with respect to the Site, and how NL and other potentially responsible parties could participate in the investigation and/or remediation of the Site. Our letter of August 10, 2007 to Mr. Putnam (a copy of which is enclosed for your reference) memorializes NL's understandings as a result of that conversation.

We agreed with Mr. Putnam that the proposed meeting would be most productive if scheduled after receipt of the results of sampling that the NJDEP recently had performed in the tree-line area of the Site, and requested that Mr. Putnam contact us after receipt of the sampling results to propose dates for the meeting. We also requested that, in the meantime, NL be allowed the opportunity to review the NJDEP's file so that NL could enter the meeting with as much

William S. Hose, Section Chief December 3, 2007 Page 2

information as possible. As we had not yet heard back from Mr. Putnam regarding proposed meeting dates and arrangements for NL to review the NJDEP's file, we were surprised to receive your letter proposing that NL enter into an ACO.

NL remains interested in meeting with the NJDEP to learn more regarding the NJDEP's views as to (1) the problems at the Site, (2) the scope of necessary future investigations, (3) the scope of potential future remedial actions, and (4) how NL and other potentially responsible parties may be able to participate, in cooperation with the NJDEP, to address environmental issues at the Site. Since our last communication with Mr. Putnam, NL has undertaken investigation to identify other parties potentially responsible for the presence of hazardous substances at the Site. That investigation has identified a number of viable parties that sent batteries and other lead-bearing waste to NL's Perth Amboy smelter and that, as a result, may be responsible parties to the extent that slag or battery casings from NL's smelter were transported to the Site. NL would like to discuss with the NJDEP how these other parties can be included in the process.

We suggest, in order to make the meeting as productive as possible, that both NL and the NJDEP have their technical personnel familiar with the Site in attendance. Please let us know what dates and times the NJDEP is available to meet so that we can arrange a time that is convenient for everyone who should attend.

We look forward to hearing from you soon.

Very truly yours,

Christopher R. Lilvoon CHRISTOPHER R. GIBSON

CRG/rlh - 2989423v1

Enclosure

cc: Michael A. Justiniano (w/encl.)

Edward Putnam (w/encl.)